

SUPPORT FOR S. 2270 AS PASSED
BY THE SENATE

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. GARY G. MILLER of California. Mr. Speaker, last week the Senate passed legislation to address capital requirements for insurers that are supervised by the Federal Reserve Board. The Senate-passed legislation is substantially similar to H.R. 4510, legislation that Rep. CAROLYN MCCARTHY and I introduced earlier this year, and we strongly support it.

The legislation passed by the Senate would ensure that insurance companies that are either nonbank systemically important financial companies (SIFIs) or savings and loan holding companies (SLHCs) are not subject to banking capital standards. There is unanimous agreement among policymakers and other experts that it is inappropriate and harmful to subject insurance companies to bank capital standards because of the critical differences between the two business models.

Insurance companies, particularly life insurance companies, make long-term investments to match long-term liabilities such as life insurance, annuities, and pensions. By contrast, banks are subject to immediate calls on assets, particularly under times of economic stress, and must maintain a high level of liquidity to pay out demand deposits. Bank regulatory standards are tailored to that business model, while state risk-based capital standards are tailored to the insurance business model. Imposing bank standards on insurers under Federal Reserve supervision would disrupt insurance markets and hurt consumers by causing insurers to shift into assets that are inappropriate for the insurance business model and asset-liability matching principles. Alternatively, insurers might be compelled to exit certain capital-intensive product lines, which is bad for consumers.

The intent of S. 2270 as passed by the Senate would be to avoid these problems and ensure that regulators do not impose bank capital standards on insurers supervised by the Federal Reserve. The legislation amends section 171 of the Dodd-Frank Act and clarifies that the Federal Reserve may create tailored insurance capital standards, as necessary, for supervised holding companies with insurance operations.

To accomplish the goal of directing the Federal Reserve to tailor rules for insurance, the Senate-passed legislation permits the Federal Reserve to create a tailored, non-bank-centric capital regime for the insurance operations of supervised entities. Under the Senate bill, banking activities of insurers would remain subject to consolidated capital standards under section 171.

In distinguishing between insurance versus non-insurance activities of a supervised entity, the legislation provides regulators with the flexibility to tailor the rules for subsidiaries of insurance companies that support and are necessary to the business of insurance, including, for example, subsidiaries that support insurance company general and separate accounts. The Senate-passed legislation defines "business of insurance" by reference to section 1002 of the Dodd-Frank Act. Under this

definition the business of insurance means "the writing of insurance or the reinsuring of risks by an insurer, including all acts necessary to such writing or reinsuring and the activities relating to the writing of insurance or the reinsuring of risks conducted by persons who act as, or are, officers, directors, agents, or employees of insurers or who are other persons authorized to act on behalf of such persons." The reference to this definition of the "business of insurance" will help ensure that insurance activities of federally supervised companies are subject to tailored capital rules.

Consistent with congressional intent, the Senate legislation would also help ensure that the Federal Reserve use its authority to tailor capital rules for insurance operations of entities under its supervision, regardless of the depository institution subsidiary's size. It would be inappropriate and detrimental to insurance consumers for the Federal Reserve to impose a banking capital regime on the entire enterprise of a large insurer that happens to own a large insured depository institution—the depository institution in that operation will be subject to appropriate banking standards under current law, and the insurance operations should be subject to appropriate insurance standards.

Another important provision of our legislation and the Senate-passed legislation addresses the issue of insurance accounting. Every publicly traded company in the United States is required to prepare consolidated financial statements under Generally Accepted Accounting Principles (GAAP), and all insurance companies in the United States are required by their state insurance regulators to use an accounting method known as Statutory Accounting. In fact, many mutual insurance companies only use Statutory Accounting in preparing their financial statements.

Statutory Accounting Principles are more conservative than GAAP because they are specifically designed to promote insurer solvency and the ability to pay claims rather than measuring an insurer's value as a going concern. Mandating that insurers using only SAP adopt GAAP accounting would impose significant cost and a multi-year time commitment on those insurers with limited, if any, supervisory benefit to regulators.

H.R. 4510 includes a provision prohibiting the Federal Reserve from imposing GAAP accounting on insurers that only prepare and file SAP statements at the holding company level. S. 2270 was amended to include a provision clarifying that nothing in the legislation prevents the Federal Reserve from obtaining any information it is otherwise entitled to obtain from a SAP-only insurer. We support this change, and also support the House passage of the legislation as amended by the Senate, which has the unanimous support of the Senate, as well as other important constituencies. The key purpose here is to ensure that insurance entities affiliated with depository institutions are not subject to the unfair, bank-centric capital standards, regardless of the accounting model they utilize.

Mr. Speaker, we and the many other supporters of insurance capital legislation are pleased that S. 2270 as amended passed the Senate and look forward to its passage by the House. We also look forward post-enactment to working with regulators as they develop rigorous, well-tailored standards that reflect the insurance business model.

PERSONAL EXPLANATION

HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. HINOJOSA. Mr. Speaker, I submit a clarification of my vote during consideration of H.R. 4745, the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2015. I fully intended to continue my strong support of the Housing for Persons with AIDS program and mistakenly voted "no" on rollcall vote 277, the Nadler Amendment. I intended to vote "aye."

RECOGNIZING THE CONTRIBUTIONS OF JEFFERSON R. VOSS

HON. ALAN GRAYSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. GRAYSON. Mr. Speaker, I rise today in honor of Lesbian, Gay, Bisexual, and Transgender (LGBT) Pride Month, to recognize Jefferson "Jeff" R. Voss. Jeff is a fourth generation Central Floridian and a graduate of the University of Central Florida. Jeff was a Certified Public Accountant with KPMG in Orlando prior to joining the Tavistock Group, an international private investment firm, where he is a Senior Director.

Jeff has provided financial support to many LGBT organizations throughout his life. However, in 2009, he began to turn a life-long dream into reality by creating the concept which has become the Zebra Foundation for Youth, Inc. and the Zebra Coalition.

The Zebra Foundation for Youth and Zebra Coalition's mission is to foster hope, dignity and self-respect in lesbian, gay, bisexual, transgender and all (LGBT+) youth and to provide them an opportunity to grow up in a safe, healthy and supportive environment.

Jeff is the president of the Zebra Foundation, which derives support from diverse sources, including other foundations, businesses, individuals, and grants from government agencies.

In direct partnership with the Zebra Foundation, the Zebra Coalition was established in response to the growing number of LGBT+ youth who are experiencing homelessness, bullying, extreme physical and sexual abuse, isolation from their families, and a wide range of life challenges. The primary goal of the Zebra Coalition is to meet the specialized needs of these "at-risk youth". This is done by providing each young person being assisted by the Zebra Coalition with an individually tailored program. This focus on the individual helps to ensure that the intervention will ultimately guide them to recovery and stability.

The Zebra Coalition is a unique organization comprised of service groups, government agencies, social service providers, schools, colleges and universities that together provide a continuum of support for LGBT+ youth. Each of these organizations is able to provide essential services including shelter, counseling, and basic necessities to at-risk LGBT+ youth.

It is through the dedication of Jeff and numerous coalition members, volunteers, supporters and Foundation board members, that

Zebra Coalition is able to positively impact the lives of so many young people that would otherwise have no place to turn.

I am happy to honor Jefferson R. Voss, during LGBT Pride Month, for his tireless work to support LGBT+ youth in the Central Florida community.

IN RECOGNITION OF NATIONAL
MEN'S HEALTH WEEK

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. DANNY K. DAVIS of Illinois. Mr. Speaker, I wish to take a few moments to recognize June 9th through 13th as National Men's Health Week. I strongly support National Men's Health Week and the participating health organizations that help raise awareness of men's health in our communities. I embrace the spirit of Men's Health Week which maintains that all men need to do our best to take care of our health and our families' health to strengthen our communities. Heart disease is the primary killer of men in our country. Men live an average of 5 years less than women, and men between the ages of 18 and 44 are less likely to visit the doctor than women. I am a firm believer in prevention and the importance of health awareness. A crucial step to maintaining a healthy lifestyle is being aware of your current health status. Increased awareness of our medical needs and preventable health problems will help remedy possible issues before they become life threatening. Taking care of ourselves is crucially important as we age, and regular check-ups with our health providers are important steps to strengthen the health of our communities.

We have many community health centers in the 7th District of Illinois that provide excellent care to Illinoisans. These health centers play critical roles in strengthening men's health. I would like to recognize and commend Near North Health Service Corporation for its efforts during National Men's Health Week. Near North is performing free health screenings for men during this time period. For example, they are conducting screenings for blood pressure, oral health, HIV, diabetes, and prostate cancer. They are conducting informative workshops on healthier eating as well. I applaud the dedication of our community health centers to improving the health and meeting the medical needs of our communities during Men's Health Week and throughout the entire year.

I also want to recognize the efforts of the Illinois Department of Public Health during Men's Health Week. IDPH partnered with the Chicago White Sox and Bat for the Cure to provide free prostate cancer screenings. Further, the state health agency is leading multiple awareness events and seminars this week, including an African-American Male Health and Fitness Expo at Malcolm X College and the 20th Annual Real Men Cook event at Kennedy King. All of these efforts are important steps in raising awareness and improving the health of citizens in Chicago, Illinois and the Nation.

PERSONAL EXPLANATION

HON. ANDRÉ CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. CARSON of Indiana. Mr. Speaker, I submit a clarification of my vote during consideration of H.R. 4745, the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2015. I fully intended to continue my strong support of the Housing for Persons with AIDS program and mistakenly voted "no" on rollcall vote 277, the Nadler Amendment. I intended to vote "aye."

IN RECOGNITION OF THE SERVICE
OF MARY ELLEN EPPS TO THE
PEOPLE OF COLORADO

HON. DOUG LAMBORN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. LAMBORN. Mr. Speaker, I rise today to pay tribute to one of my former colleagues in the Colorado General Assembly, Mary Ellen Epps. Mary Ellen and I served together at the State Capitol in Denver. Mary Ellen was an absolute dynamo of a Representative and Senator who faithfully served her constituents in the Fountain and Widefield region.

Mary Ellen lived a full life and had an intense passion for learning. She received her bachelor's degree from Colorado Christian University and also took courses in French and nursing. She even was a student pilot.

With large portions of Fort Carson in her district, and as a Lifetime VFW member, Mary Ellen was a passionate advocate for our men and women in uniform, their families, and our veterans.

Mary Ellen was a passionate, dedicated, and hard-working legislator. A tough fighter for public safety and law and order, Mary Ellen worked hard to pass legislation increasing penalties on uninsured motorists. She also worked to increase the hardships of prison for our most dangerous criminals.

The range of Mary Ellen's knowledge and expertise was reflected in the committees she served during her time in the General Assembly. She was able to help and assist so many people while serving on the Criminal Justice, Medically Indigent, Environmental, Arts and Tourism, and Health Care committees.

Mary Ellen was able to represent her constituents so well because she made a conscientious effort to personally connect with as many as possible and learn what motivated them and what issues were their priorities. Her passionate advocacy and tireless work ethic was an inspiration to me and I was honored to call her my friend.

Mary Ellen has passed away, but I know that she is in a better place. Please consider her three children, three grandchildren, and one great-grandchild in your thoughts and prayers.

RECOGNIZING THE CONTRIBUTIONS
OF CARLOS GUILLERMO
SMITH

HON. ALAN GRAYSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Mr. GRAYSON. Mr. Speaker, I rise today in honor of Lesbian, Gay, Bisexual, and Transgender (LGBT) Pride Month, to recognize Carlos Guillermo Smith. Carlos is the son of Luis Ricardo Smith and Johanne Marie Ghyslaine Guay.

Carlos was elected Chairman of the Orange County Democratic Party on December 16th, 2013 and made history as the first openly gay Democratic Party Chair in Orange County at the age of 32. A Latino of Peruvian descent, Carlos has worked closely with leaders in Central Florida to engage the local Hispanic community in the political process and elect more Latinos to hold public office.

An alumnus of the University of Central Florida, Carlos gained political experience working on a number of Democratic races, including his role as Communications Director and Senior Advisor during State Representative Joe Saunders 2012 race.

In 2011, Carlos became a public policy fellow for Equality Florida, where he crafted state and local legislative strategy with LGBT leaders. Equality Florida is the largest civil rights organization dedicated to securing full equality for Florida's lesbian, gay, bisexual, and transgender community.

Carlos currently serves as legislative aide to State Representative Joe Saunders. Prior to his current position, Carlos served as the aide to Former State Representative Scott Randolph from 2011–2012 and Orange County Democratic Party Communications Chair from 2011–2013.

I am happy to honor Carlos Guillermo Smith during LGBT Pride Month, for his contributions to the Central Florida community.

HONORING NORCELL D. HAYWOOD

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 12, 2014

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today to honor Norcell D. Haywood, a leader in my State of Texas who has practiced architecture for over thirty seven years.

Mr. Haywood was one of the first four African American students to be admitted to the University of Texas and was the second African American to graduate from the University of Texas School of Architecture in 1960. Upon graduation, he taught at Prairie View A&M University's school of Engineering. He later gained employment with the City of Austin Planning Department. He also published a local Newspaper, The East Side Reporter, which has a circulation of 20,000 papers weekly distributed on the eastern section of San Antonio.

In 1968, he became the first licensed African-American Architect in San Antonio. He then founded his firm, Norcell D. Haywood & Associates (1968–71) and later in 1971,